

SUBCOMMITTEE NO. 2

Agenda

Byron Sher, Chair
Sheila Kuehl
Bruce McPherson



Wednesday, May 19, 2004
10:00 a.m.
Room 4203

Outcomes

Vote Only Agenda

3360 Energy Resources Conservation Development Commission

1. California Climate Action Registry

Action. Adopted the following budget bill language to provide \$200,000 from the PIER fund to support the registry.

Vote. 2-0 (McPherson)

3360-001-0381

Provision X. Of the amount appropriated in this item, \$200,000 shall be made available for grants to support the California Climate Action Registry program activities.

Resources—Environmental Protection—Public Safety—Energy

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8660 California Public Utilities Commission

1. California Teleconnect Fund Program

Action.

- (1) Increased 8660-001-0493 by \$12.7 million.
- (2) Referred discussion of policy changes to the Senate Energy, Utilities, and Communications Committee.

Vote.

- (1) 2-1 (McPherson)
- (2) No Vote

8665 California Consumer Power and Conservation Financing Authority

Action.

- (1) Rejected the administration's proposed trailer bill to eliminate CPA.
- (2) Increased CPA's budget by \$800,000 to cover reduced operations funded solely from CPA generated revenues.

Vote. 2-1 (McPherson)

8770 Electricity Oversight Board

Action.

- (1) Adopted trailer bill language to eliminate the board structure and transfer EOB litigation related to the energy crisis to the Attorney General, except for those cases when the AG has a direct conflict. Transfer EOB staff to the Governor's Office of Planning and Research until a more comprehensive evaluation of all the state's energy related agencies has been performed. Trailer bill language to be drafted by staff.

Vote. 2-0 (McPherson)

3720 California Coastal Commission

1. Alternative Funding Source for Coastal Commission's Permitting Functions

Action. Adopted trailer bill language (as follows) that does the following:

- (1) Directs the commission to increase their permitting fees so that the fees would cover roughly 50 percent of the program costs related to permitting. The fees will be adjusted annually for inflation by the consumer price index.

- (2) Amends current law to limit the transfer of fee revenues to the State Coastal Conservancy to \$600,000 and adjust this transfer annually by the consumer price index. This will allow the remaining fee revenues to be deposited in the General Fund for support of the commission's permitting activities.
- (3) Requires that the revenues to first be deposited into the Public Access Account, State Coastal Conservancy Fund and then to the General Fund.

Vote. 2-0 (McPherson)

Public Resources Code

Section 1:

- (a) It is the intent of the Legislature that the California Coastal Commission revise its permit fee schedule to recover at least fifty percent of the costs incurred in processing and enforcing coastal development permits. Notwithstanding any other provision of law to the contrary, the Commission may collect fees from public agencies for processing a request for action by the Commission that is necessary for new development proposed by the public agency.
- (b) The adoption of permit fee increases pursuant to this subdivision shall be exempt from the review of the Office of Administrative Law and from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.
- (c) It is the intent of the Legislature that the Governor's annual budget document display the Coastal Commission's permit fee revenues for past, current, and future budget years.

Section 2:

30620. (a) By January 30, 1977, the commission shall, consistent with this chapter, prepare interim procedures for the submission, review, and appeal of coastal development permit applications and of claims of exemption. These procedures shall include, but are not limited to, the following:

- (1) Application and appeal forms.
- (2) Reasonable provisions for notification to the commission and other interested persons of any action taken by a local government pursuant to this chapter, in sufficient detail to ensure that a preliminary review of that action for conformity with this chapter can be made.
- (3) Interpretive guidelines designed to assist local governments, the commission, and persons subject to this chapter in determining how the policies of this division shall be applied in the coastal zone prior to the certification of local coastal programs. However, the guidelines shall not supersede, enlarge, or diminish the powers or authority of the commission or any other public agency.

(b) Not later than May 1, 1977, the commission shall, after public hearing, adopt permanent procedures that include the components specified in subdivision (a) and shall transmit a copy of those procedures to each local government within the coastal zone and make them readily available to the public. The commission may thereafter, from time to time, and, except in cases of emergency, after public hearing, modify or adopt additional procedures or guidelines that the commission determines to be necessary to better carry out this division.

(c) (1) The commission may require a reasonable filing fee, *to be adjusted annually by the increase in the consumer price index*, and the reimbursement of expenses for the processing by the commission of any application for a coastal development permit under this division and, except for local coastal program submittals, for any other filing, including, but not limited to, a request for revocation, categorical exclusion, or boundary adjustment, submitted for review by the commission.

- (2) ~~Any~~ Coastal development permit fees collected by the commission under paragraph (1) shall be ~~deposited in~~ *applied to the following purposes in the following order of priority:*

(a) *To the Coastal Access Account, which is hereby created in the State Coastal Conservancy Fund, to the amount of six hundred thousand dollars (\$600,000), each fiscal year.* The money in the account shall be available, upon appropriation by the Legislature in the annual Budget Act, to the State Coastal Conservancy for grants to public agencies and private nonprofit entities or organizations for the development, maintenance, and

operation of new or existing facilities that provide public access to the shoreline of the sea, as defined in Section 30115. Any grant funds that are not expended for those purposes shall revert to the account. Nothing in this paragraph authorizes an increase in fees or creates any new authority on the part of the commission.

(b) After meeting the obligations in subdivision (a) the Controller shall transfer the balance of all such fee revenues received by the commission pursuant to this section in each fiscal year to the General Fund.

(d) With respect to any appeal of an action taken by a local government pursuant to Section 30602 or 30603, the executive director shall, within five working days of receipt of an appeal from any person other than members of the commission or any public agency, determine whether the appeal is patently frivolous. If the executive director determines that an appeal is patently frivolous, the appeal shall not be filed unless a filing fee in the amount of three hundred dollars (\$300) is deposited with the commission within five working days of the receipt of the executive director's determination. If the commission subsequently finds that the appeal raises a substantial issue, the filing fee shall be refunded.

Section 3.

This act is an urgency statute and shall take effect immediately.

3790 Department of Parks and Recreation

1. April Finance Letter—Excluding Resources Bond Funds

Action. Approved April Finance letter and amendments.

Vote. 3-0

2. Governor's Park Fee Proposal

Action. Approved SRL.

Vote. 3-0

Item 3790-001-0001—Department of Parks and Recreation

1. The Department of Parks and Recreation shall, on or before January 10, 2005, submit to the budget and fiscal committees of both houses and the Legislative Analyst's Office a report on its progress in implementing a new fee structure for the Department of Parks and Recreation. The report shall include:

- Fee schedule for all units of the state park system.
- Actual monthly revenue collections for day use, camping, and other fees through October 2004.
- An analysis, based on actual revenues received to date, on whether the department will reach its total revenue projections as enacted in the 2004-05 Budget Act.
- Monthly visitor attendance for 2003-04 and 2004-05 (to date).

2. It is the intent of the Legislature that the setting and collecting of park fees should be guided by the following policy parameters:

- **The Role of Fees in State Park Funding.** Funding for state parks should include a reasonable sharing of costs between the users of state parks and the general public.
- **Fee Structure Should Include Differential Pricing.** The fee structure should reflect the different levels of service and facilities that are offered by state parks.

- ***Fees Should be Comparable With the Fees of Similarly Situated Recreational Providers.*** Fees for the use of state parks should be comparable with the fees for the use of similar privately and publicly owned facilities in the vicinity of the state park.
- ***Fee Collection Should Be User-Friendly and Convenient to Park Users.*** Visitors should be offered convenient methods of payment (such as automated fee machines and payment) in order to facilitate fee collection.
- ***Fees Should Be Used to Support Deferred Maintenance When Feasible.*** The department should maintain a portion of the fee revenues when feasible at the site where they are collected in order to address deferred maintenance needs.

3. California Main Street Program

Action. Approved the following:

- (1) Adopted trailer bill language that would establish the California Main Street Program within the Office of Historic Preservation at the Department of Parks and Recreation.
- (2) Provided \$175,000 from a new California Main Street Program Fund established by the trailer bill language to support 2 positions. Revenues to this fund are not on deposit, but could include funds received from any of the following sources in the budget year: (1) private contributions, (2) federal funds, and/or (3) fees for services provided by the department for services related to the California Main Street Program. Appropriation to be included in the trailer bill.

Vote. 3-0

4. Various Requests

Action. Approved the following budget bill language.

3790-492—Reappropriation, Department of Parks and Recreation.

Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citation is extended to June 30, 2005:

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-302-0005, Budget Act of 2001 (Ch. 106, Stats. 2001)

(15) 90.FH.100—Santa Monica SB:415 PCH Project – EIRs and Planning

Technical correction--the following budget bill language included in the agenda was in error. The administration has indicated that these reappropriations have already been included in the Governor's budget.

(2) Item 3790-302-0005, Budget Act of 2001 (Ch. 106, Stats. 2001)

(13) 90.7T.400—Pigeon Point Light Station SHP: Bolsa Point/Whaler's Cove—Acquisition

(3) Item 3790-201-0005, Budget Act of 2001 (Ch. 106, Status. 2001)

(29) 90.RS.416—Statewide: 2000 Bond Habitat Acquisition Program—Acquisition.

Approved the following trailer bill language.

Public Resources Code

5045. (a) The tufa and associated sand structures at Mono Lake are a valuable geologic and scientific natural resource and are unique in North America for their beauty, abundance, diversity, and public accessibility. Their extreme fragility requires special measures for their protection and preservation for the enjoyment and education of the public. (b) The Mono Lake Tufa State Reserve is hereby established as a unit of the state park system and shall consist of the state-owned portions of the Mono Lake bed lying at or below the elevation of 6,417 feet above sea level. As soon as practicable after January 1, 1982, the State Lands Commission

shall issue a permit for occupancy to the department pursuant to Section 6221. (c) *The Mono Lake Tufa State Reserve shall include and shall manage all resources found on its lands, including the waters of the Mono lake.*

Vote. 3-0

8570 California Department of Food and Agriculture

1. Position Management

Action. Approved trailer bill language that does the following:

- (1) Requires the department to establish all permanent positions with the State Controller's Office (SCO), pursuant to standard state administrative policies. This applies to positions currently in the blanket and any permanent positions established in the future.
- (2) Requires the department to report to the Legislature January 1, 2005 on the permanent positions currently in the department's blanket that are established with SCO.
- (3) Exempts positions funded by the Agriculture Fund from the administrative rule that eliminates vacant positions if they have been vacant for 6 months. This action seems appropriate given the cyclical nature of the agriculture industry that is served by these programs and positions.

The intent of the Subcommittee was to take a slightly different action than the Assembly to put this issue in conference.

Vote. 3-0

Food and Agriculture Code

221. The "Department of Food and Agriculture Fund," which is a special fund, is continued in existence. Any money that is directed by law to be paid into the fund shall be paid into it and, unless otherwise specifically provided, shall be expended solely for the enforcement of the law under which the money was derived. The expenditure from the fund for the enforcement of any law shall not, unless otherwise specifically provided, exceed the amount of money that is credited to the fund pursuant to the law.

221.1 Notwithstanding Section 13340 of the Government Code, all money deposited in the fund under the provisions enumerated below is hereby continuously appropriated to the department without regard to fiscal years for expenditure in carrying out the purposes for which the money was deposited and for making the refunds authorized by Section 302.

221.2 All money deposited in the fund under the provisions enumerated below is hereby exempted from Sections 13320 to 13324, inclusive, of the Government Code:

- (a) Article 7 (commencing with Section 5821) and Article 7.5 (commencing with Section 5850) of Chapter 8 of Part 1 of Division 4, Chapter 1 (commencing with Section 6701) of Part 3 of Division 4, and Chapter 5 (commencing with Section 53301) of Division 18.
- (b) Article 5 (commencing with Section 6001) of Chapter 9 of Part 1 of Division 4.
- (c) Article 8.5 (commencing with Section 6047.1) of Chapter 9 of Part 1 of Division 4.
- (d) Article 4.5 (commencing with Section 6971) and Article 5 (commencing with Section 6981) of Chapter 2 of Part 3 of Division 4.
- (e) Chapter 4 (commencing with Section 14200), Chapter 5 (commencing with Section 14501), and Chapter 6 (commencing with Section 14901) of Division 7.
- (f) Part 1 (commencing with Section 16301) and Part 2 (commencing with Section 17401) of Division 9.

- (g) Sections 19225, 19227, 19312, and 19315.
- (h) Division 10 (commencing with Section 20001).
- (i) Division 11 (commencing with Section 23001).
- (j) Part 4 (commencing with Section 27501) of Division 12.
- (k) Division 16 (commencing with Section 40501).
- (l) Chapter 9 (commencing with Section 44971) of Division 17.
- (m) Chapter 1 (commencing with Section 52001) of Division 18.
- (n) Chapter 2 (commencing with Section 52251) of Division 18.
- (o) Chapter 3 (commencing with Section 52651) of Division 18.
- (p) Chapter 4 (commencing with Section 52851) of Division 18.
- (q) Chapter 6 (commencing with Section 55401), Chapter 7 (commencing with Section 56101), and Chapter 7.5 (commencing with Section 56701) of Division 20.
- (r) Section 58582.
- (s) Chapter 1 (commencing with Section 61301), Chapter 2 (commencing with Section 61801), and Chapter 3 (commencing with Section 62700) of Part 3 of Division 21.
- (t) Chapter 5.5 (commencing with Section 12531) of Division 5 of the Business and Professions Code.
- (u) Chapter 7 (commencing with Section 12700) of Division 5 of the Business and Professions Code.
- (v) Chapter 14 (commencing with Section 13400) and Chapter 15 (commencing with Section 13700) of Division 5 of the Business and Professions Code.

221.3 Notwithstanding Section 221, 221.1, and 221.2, (a) the Department of Food and Agriculture shall establish all permanent positions with the State Controller's Office, pursuant to standard state administrative practices. (b) The department shall report to the Chairs of the fiscal committees of the Legislature and the Legislative Analyst's Office, not later than January 10, 2005, on the positions established pursuant to subdivision (a) that have been funded from the department's blanket authority. The report shall include a description of the positions by program, classification, and fund source, as well as a complete description of the workload for the positions.

Government Code Section

12439. (c) The Controller shall reestablish any position for which the director of the department in which that position existed prior to abolishment certifies by August 15 that one or more of the following conditions existed during part or all of the six consecutive pay periods.

- (1) The position is necessary for directly providing 24-hour care in an institution operated by the state.
- (2) The position is necessary for the state to satisfy any licensing requirements adopted by a local, state, or federal licensing or other regulatory agency.
- (3) The position is directly involved in services for public health, public safety, or homeland security.
- (4) The position is being held vacant because the previous incumbent is eligible to exercise a mandatory right of return from a leave of absence as may be required by any provision of law including, but not limited to, leaves for industrial disability, nonindustrial disability, military service, pregnancy, childbirth, or care of a newborn infant.
- (5) The position is being held vacant because the department has granted the previous incumbent a permissive leave of absence as may be authorized by any provision of law including, but not limited to, leaves for adoption of a child, education, civilian military work, or to assume a temporary assignment in another agency.
- (6) Elimination of the position will directly reduce state revenues or other income by more than would be saved by elimination of the position.
- (7) ***The position is (i) funded entirely from monies appropriated pursuant to Section 221.1 of the Food and Agriculture Code, (ii) was established with the State Controller pursuant to Section 221.3 of the Food and Agriculture Code, and (iii) directly responds to unforeseen agricultural circumstances requiring the relative expertise that the position provides.***
- (d) Each department shall maintain for future independent audit all records on which the department relied in determining that any position or positions satisfied one or more of the criteria specified in paragraphs (1) to (6), inclusive, of subdivision (c).

- (e) The only other exceptions to the abolishment required by subdivision (a) are those positions exempt from civil service or those instructional and instruction-related positions authorized for the California State University. No money appropriated by the subsequent Budget Act shall be used to pay the salary of any otherwise authorized state position that is abolished pursuant to this section.
- (f) The Controller, no later than September 10 of each fiscal year, shall furnish the Department of Finance in writing a preliminary report of any authorized state positions that were abolished effective on the preceding July 1 pursuant to this section.
- (g) The Controller, no later than October 15 of each fiscal year, shall furnish the Joint Legislative Budget Committee and the Department of Finance a final report on all positions that were abolished effective on the preceding July 1.
- (h) Departments shall not execute any personnel transactions for the purpose of circumventing the provisions of this section.
- (i) Each department shall include a section discussing its compliance with this section when it prepares its report pursuant to Section 13405.
- (j) As used in this section, department refers to any department, agency, board, commission, or other organizational unit of state government that is empowered to appoint persons to civil service positions.
- (k) This section shall become operative July 1, 2002.

2. April Finance Letter

Action. Approved the April finance letter.

Vote. 3-0

3. General Fund Budget

Action.

- (1) Reduced \$2.5 million General Fund from the department's state operations for agricultural plant health and pest prevention and augmented local assistance to the County Agricultural Commissioners by a like amount to fund county high-risk pest exclusion activities.
- (2) Increased the department's state operations budget for agricultural plant health and pest prevention by \$2.5 million from the department's Agriculture Fund so that the department may spend voluntary contributions from the industry.
- (3) Eliminated General Fund support for the Pierce's disease program (\$4.4 million).

Vote.

- (1) 3-0
- (2) 3-0
- (3) 2-1 (McPherson)

4. Capital Outlay

Action. Approved capital outlay budget change proposals and April finance letter.

Vote. 3-0

0540 Secretary for Resources

1. May Revision—Restructuring of Office of the Secretary for Resources

Action. Approved May Revision proposal.

Vote. 3-0

2. April Finance Letter—Bond Proposal

Action. Approved April finance letter for bond proposal.

Vote. 3-0

3. River Parkways and Sierra Nevada Cascade Program

Action. Adopted trailer bill language that does the following:

- Adopt trailer bill language to develop a framework for the award of grants under the River Parkways program.
- Appropriate, in the trailer bill, the \$38.35 million from Propositions 40 and 50 for the River Parkways Program.
- Require a report by the Agency on the geographic distribution and types of projects, as well as other details.
- Adopt trailer bill language creating the Sierra Nevada-Cascades Program, to provide a framework for the award of grants under this program.
- Appropriate, in the trailer bill, the \$9.15 million from Proposition 50 for the Sierra Nevada-Cascades Program.

(Language in separate attachments.)

Vote. 3-0

4. Various Requests

Action. Approved the following budget bill language:

0540-361-- Extension of liquidation period, Resources Agency. Notwithstanding any other provision of law, funds appropriated in the following citations shall be available for liquidation until June 30, 2005:

0540-Coastal Resources Grant Program:

(1) Item 0540-101-0001, Budget Act of 1999 (Ch. 50 Stats. 1999).

(2) Item 0540-101-0001, Budget Act of 2000 (Ch. 52 Stats. 2000).

(1) Item 0540-101-0001, Budget Act of 2001 (Ch. 106 Stats. 2001).

Vote. 3-0

5. Reform State Property Management Functions

Action. Requested Subcommittee #4 to refer the trailer bill language proposed by the administration to reform state property management functions to the Senate Natural Resources Committee.

Vote. 3-0

3340 California Conservation Corps

1. Funding Corps Activities

Action. Approved the following proposal to create a Corps/CDF fuels management partnership:

- (1) Adopted budget bill language that requires CDF to dedicate 1) \$600,000 for contracts awarded under the Prefire Management Program and; 2) \$25,000 for prescribed fire activities to the Corps.
- (2) Increased the Corps reimbursements from work performed by the corpsmembers by \$545,000.
- (3) Adopted budget bill language that authorizes up to \$310,000 in WIA funds from sub-schedule 8, “Removing Barriers for Special Needs Populations” for fire and fuel reduction training for the Corps.
- (4) Adopted budget bill language allocating \$25,000 of the Corps bond funding for prescribed fire efforts in partnership in with CDF.

Staff/LAO to draft budget bill language.

Vote. 3-0

2. April Finance Letter—Bond Proposal

Action. Approved April finance letter with modification that conforms to the prior action.

Vote. 3-0

3. April Finance Letter—Capital Outlay

Action. Approved capital outlay April finance letter.

Vote. 3-0

4. May Revision

Action.

- (1) Approved May Revision proposal.
- (2) Augmented Corps budget by \$1.6 million to reopen Ukiah residential center, includes restoring 14 positions.

Vote.

(1) 3-0

(2) 2-0 (McPherson)

3540 California Department of Forest and Fire Protection

1. Timber Harvest Plan Fees

Action.

- (1) Adopted trailer bill language to implement timber harvest plan (THP) fees. The fee level would cover the Governor’s proposal (\$10 million) plus the remaining staff at department’s

other than CDF that are responsible for THP review (\$9 million). Would also augment THP review at both the SWRCB and DFG. (Language to be drafted by staff.)

(2) Adopted trailer bill language to implement a retail timber tax.

Vote.

(1) 2-1 (McPherson)

(2) 2-1 (McPherson)

2. Shortfall in Fire Suppression Budget

Action. No Action.

3. Fuel Reduction Proposal—April Finance Letter

Action. Adopted the Governor's fuel reduction April finance letter, with conforming changes related to Corps/CDF fuel reduction partnership action taken under the Corps budget. Also adopted the following trailer bill language and included the appropriation in the trailer bill.

Vote. 3-0

Public Resources Code

Section ?

PTEIRs funded under this item shall be limited to projects for hazardous fuel reduction. Hazardous fuel reduction means the application of practices to wildlands of which the primary impact to the vegetation is the reduction of surface and ladder fuels. These practices include but are not limited to prescribed fire, machine or hand piling for burning, pruning and thinning. Tree removal shall be by the method known as "thinning from below," and shall be limited to trees that are 16 inches or less dbh. Treatments that reduce crown densities on timberlands shall be included only for the purpose of affecting fire behavior, and where it is reasonably demonstrated that the likelihood of crown fire is reduced. A registered professional forester with the department or on behalf of a private landowner shall (1) certify that the fuel reduction objectives were achieved for removal of surface fuels, brush, and ladder fuels and were accomplished by means that are consistent with this section and (2) certify that for each PTEIR or sub-area within a PTEIR that eighty percent or more of the treated landscape will have a post-treatment fuel load that will result in a flamelength of 4 feet or less and a minimum of 8 feet separation from the ground to the crown of live trees.

5. April Finance Letter—Bond Funds

Action. Approved Urban forestry and CALFED Watershed bond proposals from the April finance letter.

Vote. 3-0

6. Backfill of FRIF Funded Activities

Action. Approved April finance letter to backfill FRIF funded activities.

Vote. 3-0

7. April Finance Letter—Capital Outlay

Action. Approved capital outlay April finance letter.

Vote. 3-0

8. May Revision

Action. Approved May Revision proposal.

Vote. 3-0

3600 Department of Fish and Game

1. April Finance Letter

Action. Approved April finance letter.

Vote. 3-0

2. May Revision

Action. Approved May Revision letter.

Vote. 3-0

3. OSPR Grants from the Environmental Enhancement Fund (EEF)

Action.

(1) Adopted the following budget bill language to fund the development of regulations to address and prevent accidents in California harbors involving tanker ships that carry hazardous materials:

3600-001-0322—*For support of Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Environmental Enhancement Fund..... \$307,000*

Provisions:

1. Notwithstanding Section 8670.70 of the Government Code, of the funds appropriated in this item, up to \$125,000 shall be available to the Administrator for Oil Spill Response to adopt and implement regulations authorized by subdivision (b) of Section 8670.17.2 of the Government Code.

(2) Transferred \$600,000 from the Environmental Enhancement Fund to the General Fund.

Vote. 3-0

4. Marine Life Protection Act

Action. Adopted budget bill language to allocate \$500,000 and 5 positions from tidelands oil revenues to support implementation of the Marine Life Protection Act at DFG. (Related action under the Wildlife Conservation Board.)

Department of Fish and Game.

3600-001-0647 -- *For support of the Department of Fish and Game, for payment to Item 3600-001-0001, payable from the Marine Life and Marine Reserve Management Account . \$500,000*

Provisions: 1. The funds appropriated in this item shall be available to match private funds for expenditure for activities in support of protection and management of marine resources including: (a) facilitated regional workshops to identify potential sites for marine reserves, parks, and other candidate protected areas, (b) ecological and socioeconomic studies and

data compilation pursuant to the Marine Life Protection Act, and (c) research, monitoring, and planning efforts necessary to meet the goals of the Marine Life Protection Program.

Vote. 2-0 (McPherson)

4. Landing Fees

Action. Approved trailer bill language that does the following:

- Ties the total amount of landing fees assessed in any year to the revenue levels set forth in the Budget Act for the DFG's activities related to commercial fishing. The fees should be limited to funding a program to manage and regulate the commercial fishing industry.
- Allows DFG to determine fees on commercial fee landings based on the value of the fish landed, which is similar to practices in Oregon and Washington.
- Creates a contingency reserve for the deposit of revenues in excess of department's budgetary needs that can be utilized to fund DFG's programs when revenues are low. This would help mitigate the need to raise fees when fish landings are low.

(Language in separate attachment.)

Vote. 2-1

3640 Wildlife Conservation Board

1. Tidelands Oil Revenues

Action. Adopted budget bill language to cap the transfer of additional tidelands oil revenues to the General Fund and allow for the first \$500,000 in tidelands oil revenues to be transferred to the Marine Life and Marine Reserve Management Account for implementation of the Marine Life Protection Act. (Subsequent action taken on May 20.)

3640-401--Notwithstanding any other provision of law, 1) the first \$500,000 shall be transferred into the Marine Life and Marine Reserve Management Account for activities of the Department of Fish and Game relating to the Marine Life Protection Act, and 2) the next \$176,000,000 shall be deposited into the General Fund for the 2004-05 fiscal year.

Vote. 3-0

3810 Santa Monica Mountains Conservancy

1. SMMC Operations

Action.

- (1) Adopted the following budget bill language:

(1) It is the intent of the Legislature that the Santa Monica Mountains Conservancy continue to work with local government agencies and to use the mutual exchange of services and cooperation between the conservancy and local joint powers authorities to extent allowed by state law to assist the conservancy in carrying out its responsibilities more effectively and efficiently while reducing the need for additional state employees.

(2) To ensure appropriate segregation of fiscal responsibilities while achieving the maximum efficiencies in administration and operations of the conservancy and joint powers authorities, of which it is a member, the conservancy shall do all of the following:

(a) *The Conservancy shall provide services of the conservancy's executive director and of other conservancy staff to the Mountains Recreation and Conservation Authority only to the extent such sharing of services is permitted by law, as determined by the Office of the Attorney General.*

(b) *Develop and implement procedures in response to the Final Management Letter from the Department of Finance, dated May 4, 2004, that assure separation of functions with respect to fiscal operations of joint powers authorities. This shall include procedures whereby all financial transactions of the joint powers authority are supervised by officers and employees who are separate from the conservancy and do not report to any officers or employees of the conservancy in any capacity. The conservancy shall provide a report on those procedures and their implementation to the chairs of the fiscal committees and appropriate subcommittees of each house of the Legislature by April 1, 2005.*

3. *The conservancy shall make grants to the Mountains Recreation and Conservation Authority from bond funds only in accordance with advice it has received from the Office of the Attorney General respecting the permissible use of bond funds available to the conservancy. The conservancy shall report annually to the chairs of the fiscal committees and appropriate subcommittees of the each house of the Legislature.*

4. *It is the intent of the Legislature that the Department of Personnel Administration and the Department of Finance shall approve the reclassification of one or more of the conservancy's authorized positions to improve fiscal and contracts management.*

(2) Amended appropriations made on April 29 to reflect the following:

Santa Monica Mountains Conservancy

2004-05 Senate Proposed Appropriations

(Dollars in Thousands)

Description	State Operations	Capital Outlay	Total
Proposition 50	\$211	\$9,500	\$9,711
Proposition 40	218	12,400	12,618
Proposition 12. Reappropriation of \$2.7 million for capital outlay and grants.	-	-	0
Santa Monica Mountains Conservancy Fund.	-	112	112
Total	\$429	\$22,012	\$22,441

Vote.

- (1) 3-0
(2) 2-0 (McPherson)

3860 Department of Water Resources

1. Funding Flood Management

Action. Adopted the following supplemental report language.

Item 3860-001-0001—Department of Water Resources

No later than January 10, 2005, the Department of Water Resources (DWR) shall submit a report to the Legislature on the following:

- Findings and recommendations on prioritizing short and long term flood management expenditures for the entire state in light of the Paterno decision, including potential amendments to current law.
- Options for funding these recommendations given the reduced availability of General Fund resources to fund flood management activities.

Vote. 3-0

2. April Finance Letter—Excluding Bond Funds

Action. Adopted a portion of the April finance letter excluding bond funds. The remainder of the letter had been approved at the April 29 meeting of the Subcommittee.

Vote. 3-0

3. Bond Fund Program Support

Action. Approved restoration of 11 bond-funded positions to support the CALFED levees program, Integrated Regional Water Management program, and the Drinking Water Pilot Project program.

Vote. 2-1

4. April Finance Letter—Bond Funds

Action.

- (1) Adopted the department's bond proposal (including reappropriations and extension of liquidation periods).
- (2) Held open EWA language.

Vote. 3-0

5. Integrated Regional Water Management Program

Action. Adopted the following clarifying trailer bill language to implement the Integrated Regional Water Management program. Staff does not think there are any changes in this law that should significantly impact the department's grant schedule for the program.

Water Code:

79562.3. It is the intent of the Legislature that for the purposes of implementing section 79560 the department shall provide a funding cycle for planning grants to develop or adapt integrated regional water management plans to meet the requirements of this chapter. The department may expend up to \$10 million for planning grants pursuant to this section.

79562.4 It is the intent of the Legislature that for the purposes of implementing section 79560 the department and the board shall do all of the following:

(a) Give preference for both planning grants and project grants based on the extent to which the applicant's plan or proposal for a plan or project demonstrates an integrated solution to water needs or conflicts. Proposals should be evaluated on the extent to which the plan, project or proposal for a plan indicates an effective mix of water management strategies that achieve either added benefits or reduced costs compared to single purpose or single project approaches.

(b) Encourage projects that have as their primary benefit or objective any one or more of the elements identified in Section 79561 so long as the project also provides either water quality benefits or improvement in water supply reliability. Both construction projects and non-construction projects that include the one or more of the mandatory elements in Section 79561 shall be eligible for funding.

(c) In evaluating grant proposals, consider the extent to which proposed plans or projects endeavor to address statewide priorities including elements of the CALFED Record of Decision, TMDLs, SWRCB basin plan objectives, recommendations of the floodplain management task force, desalination task, recycling task force or other pertinent statewide needs.

Vote. 3-0

6. May Revision

Action. Approved May Revision.

Vote. 3-0

7. Various Requests

Action. Approved budget bill language to reappropriate the following item:

1. City of Malibu—Reappropriation of Proposition 13 funds for the Las Flores Creek Restoration grant awarded as an Urban Streams grant in the 2001-02 budget.

Technical correction—This item was already included in the Governor's budget. Therefore, this action was redundant.

Vote. 3-0

3870 California Bay-Delta Authority

1. Budget Change Proposal—Informational Display

Action. No action.

2. CALFED Science Program Language

Action. Approved the following supplemental report language.

3870-001-0001—California Bay-Delta Authority

(a) The science program shall, by January 10, 2005, report to the Legislature with a plan to develop and implement a research agenda designed to answer the following questions:

(1) How much additional water, above that provided under the current regulatory regimen, is necessary for the full recovery of all delta dependent fish species designated on either the state or federal endangered species lists as either endangered or threatened?

(2) What time of year is the additional water identified in (1) needed?

(3) Are there other characteristics of the additional water identified in (1), such as temperature, that are critical to recovery of these species, and if so what are those characteristics?

(b) As part of the research agenda described in (a), the science program may address any other questions related to the water needs of threatened or endangered fish that the science program deems appropriate.

Vote. 3-0

3. May Revision

Action. Approved May Revision.

Vote. 3-0

3940 State Water Resources Control Board

1. Timber Harvest Plan Review in Sierra Nevada

Action. Rejected the Governor's proposal to transfer positions from the north coast to the Sierra Nevada and instead augment the board's timber harvest review program by 5.3 positions and \$470,000. (Conforms to action in the California Department of Forestry and Fire Protection budget to augment THP fees to cover the THP review costs of all of the departments involved in THP review.)

Vote. 2-1

2. April Finance Letter—Bond Funds

Action.

(1) Approved April finance letter bond-funded requests.

(2) Adopted the following budget bill language:

Item 3940-101-6031

Provisions:

X. Grants made pursuant the Water Recycling Grant Program, funded in this Item, and Item 3940-101-6031 of the Budget Act of 2003 (Ch. 157, Stats. Of 2003), shall, upon award of a grant by the State Water Resources Control Board, be available for reimbursement of eligible costs incurred after January 1, 2004.

Vote.

(1) 3-0

(2) 3-0

2. Water Rights Diversion Information

Action. Adopted trailer bill language to require the board to provide basic information on water rights activity at the board, including pending applications, status of each application, and actions taken each year. Information should be available by water body and easily available on the board's website. (Language to be drafted by staff.)

Vote. 3-0

3. May Revision Reductions

Action. Adopted May Revision proposal.

Vote. 3-0

4. Agriculture Water Quality Grant Program

Action.

(1) Adopted budget bill language (that follows) to implement the Agriculture Water Quality Grant program. The same language was adopted in the current year as well.

- (2) Increased Proposition 50 funds for the Agriculture Water Quality Grant program by \$20 million (This is in addition to the \$9.5 million proposed by the Governor and recommended for adoption in a previous Subcommittee action.)
- (3) Adopted trailer bill language to implement a new Dairy Water Quality Improvement program that includes (actual trailer bill language to be drafted by staff):
- SWRCB shall consult with CDFA and coordinate with CA Dairy Quality Assurance Program administered by CDFA.
 - SWRCB guidelines should give preference to parties in DQAP but give flexibility to SWRCB to waive preference where local conditions warrant.
 - Make the appropriation a two-year appropriation; any unspent funds would revert thereafter.
 - Funds must be expended to address dairy-related threat or impairment to water quality.
 - Eligible projects include, but are not limited to: manure management projects that protect groundwater and surface water resources. (i.e. digesters and regional and on-farm composting.); water conservation and reuse programs; alternative forms for wastewater management that protect groundwater and surface waters, (i.e. on-site waste water management and field nutrient management control;) research on wastewater management; and sustainable agriculture projects, (i.e. tail-water discharge return projects, soil conservation.)
- (4) Provided \$5 million Proposition 50 to fund the Dairy Water Quality Improvement program.
- (5) Adopted supplemental report language that would provide recommendations for maximizing funds available to assist in addressing the environmental impacts of agriculture (language that follows).

All additional Proposition 50 funds should be allocated from Section 79540 (a) of the Proposition 50 bond.

Vote. 2-1 (McPherson)

Budget Bill Language:

3940-101-6031

Provision X - "Notwithstanding any other provision of law, \$29,500,000 of the amount appropriated in this item shall be available for expenditure during the 2004–05 through 2005-06 fiscal years to provide grants for projects to reduce or eliminate the discharge of agricultural pollutants pursuant to subdivision (d) of Section 30935 and Section 30940 of the Public Resources Code. These funds shall be available for grants to reduce agricultural discharges to surface or groundwater. Grants shall be given to projects with the greatest potential to reduce pollutants and protect water quality and that use qualified impartial experts to document and verify results through water quality monitoring or other means.

Supplemental Report Language:

3940-001-0001—State Water Resources Control Board

On or before December 31, 2004, the Legislative Analyst shall prepare and submit to the appropriate policy and fiscal committees of the Legislature a report setting forth its recommendations for any legislation and budgetary actions that would identify and maximize state and federal funding opportunities to assist in addressing the adverse environmental impacts of agricultural activities and operations. In preparing the report, the Analyst shall consult with the appropriate entities within the California Environmental Protection Agency and the Department of Food and Agriculture. The report shall include recommendations on how the State of California may access federal funds available for dairy environmental

enhancement purposes pursuant to the conservation programs of the Farm Security and Rural Investment Act of 2002, and any other federal funds.

3900 Air Resources Board

1. Funding Clean Air Programs

Action. Adopted trailer bill language that imposes the so-called “rack fee” on motor vehicle fuels and the increase in the motor vehicle registration fee to fund clean air programs as described above. (Trailer bill language to be drafted by staff.)

Vote. 2-1 (McPherson)